

**BILL NO. BL2018-1283**(MURPHY, HENDERSON, & M. JOHNSON) – This ordinance, as amended, would amend Chapter 5.04 of the Metropolitan Code to restrict the use of proceeds from the sale of real property owned by the Metropolitan Government.

This ordinance would prohibit the use of proceeds from the sale of real property owned by the Metropolitan Government from being used for recurring costs of the Metropolitan Government or as a funding source for operating expenses in a proposed operating budget. It would further require the proceeds to be used exclusively for the payment of debt services or the purchase of other real property.

Pursuant to amendments added at the November 20, 2018 Council meeting, exemptions would apply for properties acquired through delinquent tax sales; and the ordinance would not take effect until July 1, 2019.

*Fiscal Note: The proposed restriction could have an effect on the FY19 operating budget approved by the Council in June. \$10,823,700 of the total revenue budgeted for the GSD General Fund, along with \$13,000,000 of the Schools Operations Fund, were budgeted to come from gains on real property sales that have not yet occurred, for a total of \$23,832,700 in recurring costs. \$15,000,000 budgeted for the Debt Services Fund would be unaffected by this proposed restriction.*

*An argument could be made that the \$23,823,700 in property sales referenced above is intended to increase the undesignated fund balance rather than funding any recurring costs in the budget. However, these revenue dollars are fungible and pooled together in the general funds rather than being collected for any specific purpose or function.*